



City of Richmond

Report to Committee

To: Finance Committee

Date: May 16, 2014

From: Jerry Chong
Director, Finance

File: 03-0905-05-01/2014-
Vol 01

Re: 2013 Annual Development Cost Charges

Staff Recommendation

That the report titled, "2013 Annual Development Cost Charges," from the Manager, Financial Reporting be received for information.

Jerry Chong
Director, Finance
(604-276-4064)

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Affordable Housing	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO/Deputy

Staff Report

Origin

In compliance with section 937.01 of the *Local Government Act*, the City is required to prepare a Development Cost Charges (DCC) report on or before June 30th, with information from the previous year. The DCC report must include the following, reported under subsections (2) and (2.1) of section 933 for which the local government imposes development cost charges in the applicable year:

- (a) the amount of development cost charges received;
- (b) the expenditures from the development cost charge reserve funds;
- (c) the balance in the development cost charge reserve funds at the start and at the end of the applicable year;
- (d) any waivers and reductions under section 933.1 (2).

Analysis

The City's 2013 Annual DCC Report covers the following seven broad categories:

- (i) Description and principles of the City of Richmond's DCC program,
- (ii) 2013 DCC reserve fund balances,
- (iii) 2013 DCC credits,
- (iv) 2013 to 2014 DCC programs,
- (v) DCC waivers and reductions,
- (vi) Municipal assist factor, and
- (vii) Inter-fund transfers between DCC reserve funds.

A copy of the 2013 Annual Development Cost Charges Report, which will be available for public viewing on the City's website on June 30, 2014, is attached for information.

Conclusion

The attached 2013 Annual Development Cost Charges Report is in compliance with the annual reporting requirements as prescribed under section 937.01 of the *Local Government Act*.



Cindy Gilfillan
Manager, Financial Reporting
(604-276-4077)

CG:cg

Att. 1: 2013 Annual Development Cost Charges Report

2013 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2013

City of Richmond's Vision:
To be the most appealing, livable, and
well-managed community in Canada



CITY OF RICHMOND
2013 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2013 Annual Development Cost Charges (DCC) Report is prepared by the City of Richmond pursuant to Section 937.01 of the *Local Government Act*. This report contains information pertaining to the following reporting requirements:

- I. Description and Principles of the City of Richmond's DCC Program
- II. 2013 DCC Reserve Fund Balances
- III. 2013 DCC Credits
- IV. 2013 to 2014 DCC Programs
- V. DCC Waivers and Reductions
- VI. Municipal Assist Factor
- VII. Inter-Fund Transfers between DCC Reserve Funds

I. DEVELOPMENT COST CHARGES

What are DCC's?

Development Cost Charges (DCC's) are charges levied on new development to assist in financing the cost of upgrading or providing infrastructure services or acquiring and developing parkland needed to support new development. The purpose of DCC's is to assist the municipality with accommodating development by providing a dedicated source of funding for the capital costs of:

- New arterial roads and widening of arterial roads, traffic signals, sidewalks, pedestrian and bicycle lane improvements, transit-related road infrastructures, and traffic safety projects;
- Water mains, drainage mains, pump stations and channel improvements, sanitary sewer mains and pump stations; and
- Acquisition and development of parkland (playing fields, drainage and irrigation, turf, etc.)

What is the purpose of the DCC Program?

The DCC program is one of the many pieces of the City's broader community development framework. It is developed in ways that are consistent with the City's long-term planning objectives and financial strategies. The objective of the DCC program is to ensure that those people that will use and benefit from the services provided will pay their share of the costs in a fair and equitable basis. The DCC program provides the information and basis in which DCC rates are derived, allowing for information transparency and accountability to the public.

CITY OF RICHMOND
2013 ANNUAL DEVELOPMENT COST CHARGES REPORT

What are the guiding principles in developing the DCC program?

Each local government has a fundamental philosophy with respect to development and the government's role in facilitating development. The City of Richmond's DCC program has been developed to be consistent with the following legislation, plans, and policy guides:

- Local Government Act
- Development Cost Charges Best Practices Guide
- Liveable Region Strategic Plan, 1999 (Greater Vancouver Regional District)
- Official Community Plan (OCP) Bylaw
- Richmond Urban Development Forecast
- Parks, Recreation and Cultural Services Master Plan 2005 - 2015
- Parks Land Acquisition and Development 2006 DCC Program
- City Centre Transportation Plan
- City Centre Area Plan (CCAP)

Furthermore, to ensure that affected stakeholders are informed about the DCC program, the City is required to consult with and obtain comments and input from representatives from the development industry. They include representatives from the Urban Development Institute (UDI), Greater Vancouver Home Builders Association (GVHBA), National Association of Industrial and Office Properties (NAIOP), and small local homebuilders and developers.

How are DCC rates derived?

The City began the DCC process by determining the amount of growth that was projected to occur over a specified future period of time. The growth projections were based on information received in 2008 for the various types of residential development (e.g. single family, duplex, townhouse, apartment), as well as commercial, industrial, and institutional growth, growth areas, and major servicing needs that can be found in the CCAP.

Following the growth projections, the City identified specific infrastructure works that were required to accommodate the growth. The estimated infrastructure costs were determined and formed the basis of the DCC Program.

DCC's collected in 2013 were based on rates established in Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 that was adopted on September 14, 2009.

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2013 ANNUAL DEVELOPMENT COST CHARGES REPORT

How are DCC's used?

Funds collected through DCC's must be deposited in a separate reserve account. These funds may only be used to pay for the capital costs of the works and short-term financing costs of a debt incurred for capital works identified in the DCC program.

DCC's cannot be used for costs incurred to replace, operate and maintain parks, roads, water mains, sanitary and storm sewers already in place to serve the existing residents of the City. In addition, DCC's collected cannot be used to pay for services such as recreation, policing, fire and library that are affected by growth.

How are costs allocated to growth and existing users?

To achieve the objective of promoting growth and to ensure the use of a fair and equitable basis of allocating costs, the costs of the DCC works are allocated between growth and the existing population on the basis of benefits.

II. 2013 DCC RESERVE FUND BALANCES

The City records and maintains separate accounts for each DCC reserve fund. The follow table provides a continuity schedule of each DCC reserve fund (by service) for the 2013 fiscal year:

(amounts expressed in thousands of dollars)

	January 1 Balance	Transfers In	DCC Credits	Interest Earned	Transfers Out	December 31 Balance
Basic:						
Roads	\$ 14,854	\$11,475	\$936	\$208	\$3,149	\$22,452
Drainage	12,255	3,270	50	192	118	\$15,549
Water	3,536	1,140	-	48	307	\$4,417
Sewer	8,582	2,931	306	96	85	\$11,218
Parks Acquisition	7,071	12,649	1,211	186	4,232	\$14,463
Parks Development	10,617	5,617	-	154	3,796	\$12,592
Total Basic	\$ 56,915	\$37,082	\$2,503	\$884	\$11,687	\$80,691
Local Area - West Cambie:						
Roads	\$ 2,385	\$63	\$-	\$42	\$-	\$2,490
Drainage	623	115	-	10	-	\$748
Water	101	12	-	2	-	\$114
Sewer	224	25	-	4	-	\$253
Parks Acquisition	1,858	560	-	29	-	\$2,447
Parks Development	441	71	-	-	43	\$469
Total Local Area	\$ 5,632	\$845	\$-	\$87	\$43	\$6,521
Total DCC Reserve	\$ 62,547	\$37,927	\$2,503	\$971	\$11,730	\$87,212

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2013 ANNUAL DEVELOPMENT COST CHARGES REPORT

III. 2013 DCC Credits

Site Address	Developer
<i>Roads</i>	
6951 Elmbridge Way	Quintet
7388 Gollner Ave	Polygon Development
10111 River Road	Parc Riviera
10133 River Dr	Parc Riviera
10033 River Dr	Parc Riviera
10155 River Rd	Oris Consulting on behalf of Parc Riviera
7338 Gollner Ave	Polygon Cerrera Homes Ltd

<i>Drainage</i>	
6951 Elmbridge Way	Quintet
7388 Gollner Ave	Polygon Development
7338 Gollner Ave	Polygon Cerrera Homes Ltd

<i>Sewer</i>	
6188 No 3 Road	Fairborne Developments Ltd
10111 River Road	Parc Riviera
10133 River Dr	Parc Riviera
10033 River Dr	Parc Riviera
10155 River Rd	Oris Consulting on behalf of Parc Riviera

<i>Parks Acquisition</i>	
10111 River Road	Parc Riviera
10133 River Dr	Parc Riviera
10033 River Dr	Parc Riviera
10155 River Rd	Oris Consulting on behalf of Parc Riviera

IV. 2013 to 2014 DCC PROGRAMS

Roads

The projects in the Roads DCC Program include intersection and traffic signal improvements, selected arterial and collector improvements, pedestrian and cyclist improvements, transit-related road infrastructures, traffic safety projects, and debt repayments.

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2013 ANNUAL DEVELOPMENT COST CHARGES REPORT

A summary of the projects funded by the Roads DCC's in year 2013 and the projects set to begin in year 2014 is contained in Appendix 1.

Drainage

The projects in the Drainage DCC Program include storm sewers, pump station upgrades, and new pump stations, and development coordinated works.

A summary of the projects funded by the Drainage DCC's in year 2013 and the projects set to begin in year 2014 is contained in Appendix 2.

Water

The projects in the Water DCC Program include watermain replacement and upgrades, infrastructure advanced design, and development coordinated works.

A summary of the projects funded by the Water DCC's in year 2013 and the projects set to begin in year 2014 is contained in Appendix 3.

Sewer

The projects in the Sewer DCC Program include pump stations, sewer upgrades, and development coordinated works.

A summary of the projects funded by the Sewer DCC's in year 2013 and the projects set to begin in year 2014 is contained in Appendix 4.

Parks Acquisition and Parks Development

The projects in the Parks Acquisition DCC Program include acquisition of land for parks and open space required to meet the needs of growth. The projects in the Parks Development DCC Program include park planning and design, and construction projects required to meet the needs of future growth. The types of parks include urban parks, community parks, neighbourhood parks, trails, natural areas and waterfront parks.

A summary of the projects funded by the Parks Acquisition and Parks Development DCC's in year 2013 and the projects set to begin in year 2014 is contained in Appendix 5.

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V. WAIVER AND REDUCTIONS

Section 933.1 of the Local Government Act provides the option for municipalities to exempt or waive DCC's for the following classes of eligible development:

- Not-for-profit rental housing, including supportive living housing;
- For-profit affordable rental housing;
- Subdivisions of small lots that is designed to result in low greenhouse gas emission; and
- Developments designed to result in low environmental impact.

For year 2013, no waivers or reductions were granted.

Currently, the City has a Richmond Affordable Housing Strategy which allows Council to grant funding to eligible non-profit affordable housing societies to cover the DCC costs for affordable housing projects (i.e. subsidized rental housing). The City's grant is funded from Affordable Housing Reserve and is still a cost to the City. There are two grants currently being provided (disbursements scheduled in 2014 and 2015).

VI. MUNICIPAL ASSIST FACTOR

The Local Government Act recognizes that it would be unfair to impose on new development all of the costs that are attributable to new development. As such, the Local Government Act stipulates that an assist factor will be included as part of the calculation of DCC's. An assist factor represents the City's contribution towards the capital costs for the projects that are attributed to new development. In determining the municipal assist factor, the City considered the following factors:

- Future land use patterns and development;
- Phasing of works and services;
- Whether the charges are excessive in relation to the capital costs of prevailing standards of service;
- Whether the costs will deter development; or
- Whether the charges will discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land.

Based on the above factors, the City of Richmond's municipal assist factor has been set at 1%.

VII. INTER-FUND TRANSFER

Local governments are permitted to lend available money in one DCC reserve fund to another DCC reserve fund on a temporary basis.

There were no DCC inter-fund transfers in year 2013.

ROADS – 2013 Expenditures

This table summarizes all projects from 2013 and earlier that had expenditures funded by the Roads DCC's in the year 2013:

Location	Type of Infrastructure / Description
City-wide	Crosswalk Improvement Program
City-wide	Cycling Network Expansion
City-wide	Functional and Preliminary Design of Transportation Capital Projects
Lansdowne Road	Lansdowne Road Extension - Alderbridge Way to Minoru Blvd
Lansdowne Road	Lansdowne Road Extension Repayment
City-wide	Miscellaneous Cycling Safety Enhancements
City-wide	Neighbourhood Traffic Safety Program
City-wide	Neighbourhood Walkway Improvements
No. 2 Road Bridge	No. 2 Road Bridge Debt Payment
City-wide	Pedestrian and Roadway Improvement Program
River Road/ North Loop	River Road/ North Loop Repayment
Nelson Road	Road Widening - Nelson Road: Westminster Hwy to Blundell Rd
No. 6 Road	Road Widening - No. 6 Road: Wireless Way to Commerce Parkway
Westminster Highway	Road Widening - Westminster Hwy: Nelson Rd to McMillan
City-wide	Traffic signal installation and improvement program

ROADS – 2014 Projects

This table summarizes all projects funded by the Roads DCC's that are set to begin in 2014:

Location	Type of Infrastructure / Description
City-wide	Active Transportation Improvement Program
City-wide	Crosswalk Improvement Program
City-wide	Functional and Preliminary Design of Transportation Capital Projects
Lansdowne Road	Lansdowne Road Extension Repayment
City-wide	Neighbourhood Traffic Safety Program
Nelson Road	Nelson Road Interchange Repayment
City-wide	Pedestrian and Roadway Improvement Program
River Road/ North Loop	River Road/ North Loop Repayment
Cambie Road / Stolberg Street	Traffic signal installation and improvement program
City-wide	Traffic signal installation and improvement program

DRAINAGE – 2013 Expenditures

This table summarizes all projects from 2013 and earlier that had expenditures funded by the Drainage DCC's in the year 2013:

Location	Type of Infrastructure / Description
City-wide	Development Coordinated Works
Gilbert North	Drainage Area Replacement and Upgrade
Peace Arch	Drainage Area Replacement and Upgrade
Steveston	Drainage Area Replacement and Upgrade
Woodward's Slough	Infrastructure Advanced Design
City-wide	Pump Station Replacement and Improvements

DRAINAGE – 2014 Projects

This table summarizes all projects funded by the Drainage DCC's that are set to begin in 2014:

Location	Type of Infrastructure / Description
No. 2 Rd	Pump Station Replacement and Improvements

WATER – 2013 Expenditures

This table summarizes all projects from 2013 and earlier that had expenditures funded by the Water DCC's in the year 2013:

Location	Type of Infrastructure / Description
City-wide	Development Coordinated Works
City-wide	Infrastructure Advanced Design
City-wide	PW Minor Capital Waterworks Program
Foster Road / McMath Road	Watermain Replacement
Steveston Area	Watermain Replacement
Windjammer Drive	Watermain Replacement

WATER – 2014 Projects

This table summarizes all projects funded by the Water DCC's that are set to begin in 2014:

Location	Type of Infrastructure / Description
Colbeck Road Area	Watermain Replacement
Ledway Area	Watermain Replacement
Ryan Road Area	Watermain Replacement

SEWER – 2013 Expenditures

This table summarizes all projects from 2013 and earlier that had expenditures funded by the Sewer DCC's in the year 2013:

Location	Type of Infrastructure / Description
City-wide	Development Coordinated Works
City-wide	Infrastructure Advanced Design
Ackroyd	Pump Station Replacement and Improvements
Montrose	Pump Station Replacement and Improvements
Bridgeport	Sewer Upgrades
City Centre	Sewer Upgrades
East Richmond	Sewer Upgrades

SEWER – 2014 Projects

This table summarizes all projects funded by the Sewer DCC's that are set to begin in 2014:

Location	Type of Infrastructure / Description
Eckersley Road	Pump Station Replacement and Improvements
Hamilton Area	Sewer Upgrades
Leslie Road	Pump Station Replacement and Improvements

PARKS – 2013 Expenditures

This table summarizes all projects from 2013 and earlier that had expenditures funded by the Parks DCC's in the year 2013:

Location	Type of Infrastructure / Description
City-wide	Advanced Planning and Design
Britannia Heritage Shipyard	Britannia Heritage Shipyard - Boardwalk
City Centre Middle Arm Park	Park and Trail Construction
City-wide	Park Improvements
City-wide	Parkland Acquisition and repayments
Railway Avenue	Railway Avenue Greenway
Terra Nova	Terra Nova Park Improvements
No. 5 Road / Steveston Hwy	The Gardens Agricultural Park
Granville Ave / Lynas Lane	Thompson Integrated Youth Park
City-wide	Trail Construction and Tree Planting
West Cambie	West Cambie Greenway

PARKS – 2014 Projects

This table summarizes all projects funded by the Parks DCC's that are set to begin in 2014:

Location	Type of Infrastructure / Description
City-wide	Advanced Planning and Design
Cambie Mueller Park	Park Construction
No. 5 Road / Steveston Highway	Park Construction
City-wide	Park Improvements
City-wide	Parkland Acquisition and repayments
City-wide	Parkland Acquisition and repayments
Terra Nova	Play Environment Washroom and Landscaping
City-wide	Trail Construction and Tree Planting